

111TH CONGRESS
1ST SESSION

H. R. 3903

To amend the Internal Revenue Code of 1986 to provide a partial exclusion of interest from the gross income of individuals, to increase retirement plan contribution limitations, and to temporarily suspend minimum distribution requirements for certain defined contribution plans.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 22, 2009

Mr. REHBERG introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a partial exclusion of interest from the gross income of individuals, to increase retirement plan contribution limitations, and to temporarily suspend minimum distribution requirements for certain defined contribution plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Securing Tomorrow
5 by Saving Today Act of 2009”.

1 **SEC. 2. EXEMPTION OF CERTAIN INTEREST INCOME FROM**
 2 **TAX.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
 4 ter 1 of the Internal Revenue Code of 1986 (relating to
 5 amounts specifically excluded from gross income) is
 6 amended by inserting after section 115 the following new
 7 section:

8 **“SEC. 116. PARTIAL EXCLUSION OF INTEREST RECEIVED BY**
 9 **INDIVIDUALS.**

10 “(a) EXCLUSION FROM GROSS INCOME.—Gross in-
 11 come does not include interest otherwise includible in
 12 gross income which is received during the taxable year by
 13 an individual.

14 “(b) LIMITATIONS.—

15 “(1) MAXIMUM AMOUNT.—The aggregate
 16 amount excluded under subsection (a) for any tax-
 17 able year shall not exceed—

18 “(A) in the case of any taxable year begin-
 19 ning in 2009, \$500 (\$1,000 in the case of a
 20 joint return), and

21 “(B) in the case of taxable years beginning
 22 after 2009—

23 “(i) in the case of a joint return, 200
 24 percent of the dollar amount in effect
 25 under clause (ii) for the taxable year, and

26 “(ii) in any other case, \$550.

1 “(2) INFLATION ADJUSTMENT.—In the case of
2 any taxable year beginning after 2010, the \$550
3 amount contained in paragraph (1)(B)(ii) shall be
4 increased by an amount equal to—

5 “(A) such dollar amount, multiplied by

6 “(B) the cost-of-living adjustment deter-
7 mined under section 1(f)(3) for such calendar
8 year by substituting ‘calendar year 2009’ for
9 ‘calendar year 1992’ in subparagraph (B)
10 thereof.

11 If any increase under the preceding sentence is not
12 a multiple of \$10, such increase shall be rounded to
13 the nearest multiple of \$10.

14 “(c) INTEREST.—For purposes of this section, the
15 term ‘interest’ means—

16 “(1) interest on deposits with a bank (as de-
17 fined in section 581),

18 “(2) amounts (whether or not designated as in-
19 terest) paid in respect of deposits, investment certifi-
20 cates, or withdrawable or repurchasable shares, by—

21 “(A) a mutual savings bank, cooperative
22 bank, domestic building and loan association,
23 industrial loan association or bank, or credit
24 union, or

1 “(B) any other savings or thrift institution
2 which is chartered and supervised under Fed-
3 eral or State law,
4 the deposits or accounts in which are insured under
5 Federal or State law or which are protected and
6 guaranteed under State law.

7 “(d) CERTAIN NONRESIDENT ALIENS INELIGIBLE
8 FOR EXCLUSION.—For purposes of this section, in the
9 case of a nonresident alien individual, subsection (a) shall
10 apply only in determining the taxes imposed for the tax-
11 able year pursuant to sections 871(b)(1) and 877(b).”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Subparagraph (A) of section 32(i)(2) of
14 such Code is amended by inserting “(determined
15 without regard to section 116)” before the comma.

16 (2) Subparagraph (B) of section 86(b)(2) of
17 such Code is amended to read as follows:

18 “(B) increased by the sum of—

19 “(i) the amount of interest received or
20 accrued by the taxpayer during the taxable
21 year which is exempt from tax, and

22 “(ii) the amount of interest received
23 during the taxable year which is excluded
24 from gross income under section 116.”.

1 (3) Subsection (d) of section 135 of such Code
2 is amended by redesignating paragraph (4) as para-
3 graph (5) and by inserting after paragraph (3) the
4 following new paragraph:

5 “(4) COORDINATION WITH SECTION 116.—This
6 section shall be applied before section 116.”.

7 (4) Paragraph (2) of section 265(a) of such
8 Code is amended by inserting before the period “, or
9 to purchase or carry obligations or shares, or to
10 make deposits, to the extent the interest thereon is
11 excludable from gross income under section 116”.

12 (5) Subsection (c) of section 584 of such Code
13 is amended by adding at the end the following new
14 flush sentence:

15 “The proportionate share of each participant in the
16 amount of interest received by the common trust fund and
17 to which section 116 applies shall be considered for pur-
18 poses of such section as having been received by such par-
19 ticipant.”.

20 (6) Subsection (a) of section 643 of such Code
21 is amended by redesignating paragraph (7) as para-
22 graph (8) and by inserting after paragraph (6) the
23 following new paragraph:

1 “(7) INTEREST.—There shall be included the
 2 amount of any interest excluded from gross income
 3 pursuant to section 116.”.

4 (7) The table of sections for part III of sub-
 5 chapter B of chapter 1 of such Code is amended by
 6 inserting after the item relating to section 115 the
 7 following new item:

“Sec. 116. Partial exclusion of dividends and interest received by individuals.”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to taxable years beginning after
 10 December 31, 2008.

11 **SEC. 3. INCREASE IN DOLLAR LIMITATIONS ON CONTRIBU-**
 12 **TIONS TO RETIREMENT PLANS.**

13 (a) PERMANENT INCREASE IN DOLLAR LIMITATION
 14 ON DEDUCTION FOR CONTRIBUTIONS TO INDIVIDUAL RE-
 15 TIREMENT PLANS.—

16 (1) IN GENERAL.—Paragraph (5) of section
 17 219(b) of the Internal Revenue Code of 1986 is
 18 amended—

19 (A) by amending subparagraph (A) to read
 20 as follows:

21 “(A) IN GENERAL.—The deductible
 22 amount for any taxable year is the applicable
 23 dollar amount in effect under section 402(g)(1)
 24 for such taxable year.”, and

25 (B) by striking subparagraph (D).

1 (2) SIMPLE RETIREMENT ACCOUNTS.—Sub-
 2 paragraph (E) of section 408(p)(2) of such Code is
 3 amended to read as follows:

4 “(E) APPLICABLE DOLLAR AMOUNT.—For
 5 purposes of subparagraph (A)(ii), the applicable
 6 dollar amount for any taxable year is the appli-
 7 cable dollar amount in effect under section
 8 402(g)(1) for such taxable year.”.

9 (b) TEMPORARY INCREASE IN CONTRIBUTIONS TO
 10 DEFINED CONTRIBUTION PLANS.—

11 (1) INCREASE IN LIMITATION ON ELECTIVE DE-
 12 FERRALS.—Paragraph (1) of section 402(g) of such
 13 Code is amended by adding at the end the following
 14 new subparagraph:

15 “(D) TEMPORARY INCREASE IN APPLICA-
 16 BLE DOLLAR AMOUNT.—In the case of taxable
 17 years beginning in calendar year 2009, 2010, or
 18 2011, the applicable dollar amount determined
 19 under subparagraph (B) shall not be less than
 20 \$33,000.”.

21 (2) INCREASE IN COMBINED EMPLOYEE AND
 22 EMPLOYER LIMITATION ON CONTRIBUTIONS TO DE-
 23 FINED CONTRIBUTION PLANS.—Paragraph 1 of sec-
 24 tion 415(c) of such Code is amended by adding at
 25 the end the following new flush sentence:

1 “In the case of taxable years beginning in calendar
 2 year 2009, 2010, or 2011, the dollar amount in ef-
 3 fect under subparagraph (A) shall not be less than
 4 \$65,500.”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 2008.

8 **SEC. 4. INCREASE IN PERMITTED CATCH-UP CONTRIBU-**
 9 **TIONS TO RETIREMENT PLANS.**

10 (a) TEMPORARY INCREASE IN PERMITTED CATCH-
 11 UP CONTRIBUTIONS.—

12 (1) IN GENERAL.—Paragraph (2) of section
 13 414(v) of such Code is amended by adding at the
 14 end the following new subparagraph:

15 “(E) TEMPORARY INCREASE IN PER-
 16 MITTED CATCH-UP CONTRIBUTIONS.—In the
 17 case of taxable years beginning in calendar year
 18 2009, 2010, or 2011, the dollar amount in ef-
 19 fect under subparagraph (A) shall not be less
 20 than \$10,000.”.

21 (2) INDIVIDUAL RETIREMENT PLANS.—Sub-
 22 paragraph (B) of section 219(b)(5) of such Code is
 23 amended by adding at the end the following new
 24 clause:

1 “(iii) SPECIAL RULE FOR 2009
 2 THROUGH 2011.—In the case of taxable
 3 years beginning in calendar years 2009,
 4 2010, or 2011, the dollar amount in effect
 5 under clause (i) shall not be less than
 6 \$10,000.”.

7 (b) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to taxable years beginning after
 9 December 31, 2008.

10 **SEC. 5. SUSPENSION OF MINIMUM DISTRIBUTION RE-**
 11 **QUIREMENTS.**

12 (a) IN GENERAL.—In the case of an eligible defined
 13 contribution plan of an individual, sections 401(a)(9),
 14 404(a)(2), 403(b)(10), 408(a)(6), 408(b)(3), and
 15 457(d)(2) of the Internal Revenue Code of 1986 shall not
 16 apply with respect to such individual for any year during
 17 the suspension period.

18 (b) SUSPENSION PERIOD.—For purposes of this sec-
 19 tion, the term “suspension period” means the period be-
 20 ginning on January 1, 2008, and ending on December 31,
 21 2012.

22 (c) ELIGIBLE DEFINED CONTRIBUTION PLAN.—For
 23 purposes of this section, the term “eligible defined con-
 24 tribution plan” means—

1 (1) a defined contribution plan (within the
2 meaning of section 414(i) of such Code) which is—

3 (A) an employee's trust described in sec-
4 tion 401(a) of such Code which is exempt from
5 tax under section 501(a) of such Code,

6 (B) an annuity plan described in section
7 403(a) of such Code,

8 (C) an annuity contract described in sec-
9 tion 403(b) of such Code, and

10 (D) an eligible deferred compensation plan
11 described in section 457(b) of such Code which
12 is maintained by an eligible employer described
13 in section 457(e)(1)(A) of such Code, and

14 (2) an individual retirement plan (as defined in
15 section 7701(a)(37) of such Code).

16 (d) SPECIAL RULES.—

17 (1) REQUIRED BEGINNING DATE DURING SUS-
18 PENSION PERIOD.—The required beginning date
19 with respect to any individual under section
20 401(a)(9) of such Code shall be determined without
21 regard to this section for purposes of applying sec-
22 tions 401(a)(9), 404(a)(2), 403(b)(10), 408(a)(6),
23 408(b)(3), and 457(d) of such Code for calendar
24 years after 2009.

1 (2) EXCEPTION FOR 5-YEAR RULE.—In the case
2 of a distribution required under section
3 401(a)(9)(B)(ii) of such Code, subsection (a) shall
4 not apply.

5 (3) EXEMPTION OF DISTRIBUTIONS DURING
6 SUSPENSION PERIOD FROM TRUSTEE TRANSFER AND
7 WITHHOLDING RULES.—For purposes of sections
8 401(a)(31), 402(f), and 3405 of such Code, any dis-
9 tribution during the suspension period which, but for
10 subsection (a), would have been a required distribu-
11 tion under section 401(a)(9) of such Code shall not
12 be treated as an eligible rollover distribution.

13 (e) PROVISIONS RELATING TO PLAN AMEND-
14 MENTS.—

15 (1) IN GENERAL.—If this subsection applies to
16 any plan or annuity contract, such plan or contract
17 shall be treated as being operated in accordance with
18 the terms of the plan during the period described in
19 paragraph (2)(B)(i).

20 (2) AMENDMENTS TO WHICH SUBSECTION AP-
21 PLIES.—

22 (A) IN GENERAL.—This subsection shall
23 apply to any amendment to any plan or annuity
24 contract which is made—

1 (i) pursuant to this section or pursu-
2 ant to any regulation issued by the Sec-
3 retary of the Treasury to carry out this
4 section, and

5 (ii) on or before the last day of the
6 first plan year beginning on or after Janu-
7 ary 1, 2009.

8 (B) CONDITIONS.—This subsection shall
9 not apply to any amendment unless during the
10 period beginning on the date such amendment
11 takes effect and ending on December 31, 2009
12 (or, if earlier, the date the plan or contract
13 amendment is adopted), the plan or contract is
14 operated as if such plan or contract amendment
15 were in effect.

16 (f) EFFECTIVE DATE.—This section shall take effect
17 on the date of the enactment of this Act.

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